

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

UNITED STATES OF AMERICA : CRIMINAL NO. 1:05cr00045
:
:
v. : **PLEA AGREEMENT**
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:
WILSON MOSS GRAHAM :

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It is hereby agreed between WILSON MOSS GRAHAM, individually and through his attorney, Paul Laufman, and the United States, by counsel as follows:

1a. WILSON MOSS GRAHAM will enter a plea of guilty to Count One of the Indictment charging him with conspiracy to commit offenses against the United States, namely to willfully aid and assist in, and procure, counsel, and advise the preparation and presentation, to the Internal Revenue Service, of returns and claims on behalf of others which were fraudulent and false as to various material matters, in violation of Title 26, United States Code, Section 7206(2). Conviction on Count One carries a maximum penalty of 5 years imprisonment, a fine of \$250,000 plus the costs of prosecution, a three year term of supervised release, and a \$100.00 special assessment.

1b. In return for said plea, once accepted by the Court and not withdrawn, and after the imposition of sentence, the government agrees to dismiss Counts 2 through 9 and Counts 23

through 25 of the Indictment and to withdraw WILSON MOSS GRAHAM as a named defendant under Counts 10, 11, and 12 of the Indictment, without prejudice to its reinstatement if, at any time, WILSON MOSS GRAHAM is permitted to withdraw his plea of guilty. In that event, WILSON MOSS GRAHAM waives any double jeopardy, statute of limitations, speedy trial, or similar objections to the reinstatement of the counts dismissed pursuant to this agreement.

2. By pleading guilty, the defendant knowingly and voluntarily:

a. stipulates to and admits the truth and accuracy in every respect of the Statement of Facts attached to this Plea Agreement and incorporated by reference herein. The defendant agrees that had the matter proceeded to trial, the United States would have proved each fact in the Statement of Facts beyond a reasonable doubt;

b. stipulates and admits that had this matter proceeded to trial, the government would have proved each element of the crime to which the defendant pleads guilty beyond a reasonable doubt; and

c. consents to the judge determining by a preponderance of any reliable evidence including hearsay, all aspects of the defendant's sentence.

3. a. The defendant understands that the Court may utilize the Sentencing Guidelines as advice in determining a reasonable

and appropriate sentence, along with the other factors enumerated in 18 U.S.C. § 3553(a).

b. The parties stipulate, agree and recommend to the Court that the following sentencing calculation applies to this case. First, that the 2001 edition of the Sentencing Guidelines (incorporating amendments effective November 1, 2001) would apply because the defendant's role in the offense of conviction was completed no earlier than May 16, 2002. Second, that the application of the sentencing guidelines would result in a base offense level of 24 because the tax loss was more than \$2,500,000 and not more than \$7,000,000. See USSG §§ 2X1.1, 2T1.4, and 2T4.1.

c. There is no agreement upon the applicability of any specific offense characteristics pursuant to USSG § 2T1.4(b).

d. The parties agree upon the inapplicability of any role in the offense adjustment pursuant to USSG Chapter 3, Part B.

e. Prior to sentencing, the government will, orally or in writing, recommend that the court reduce the offense level by three levels for acceptance of responsibility provided that The defendant:

- (1) Voluntarily, truthfully, and timely provided complete information to authorities concerning his own involvement in the offense, and;
- (2) Timely manifested acceptance of responsibility.

See USSG §3E1.1.

f. The government agrees to recommend that the defendant receive a sentence at the low end of the applicable guideline range.

4. At the time of sentencing, if his cooperation has been completed, or within one year of the imposition of sentence, the government will review the timeliness, nature, extent, completeness, accuracy, and truthfulness of the assistance and testimony of the defendant. If the government determines the defendant has provided substantial assistance in the investigation or prosecution of other persons, the government may, in its discretion, file a motion pursuant to Section 5K1.1 of the Sentencing Guidelines [and 18 U.S.C. §3553(e)] or under Rule 35(b), Federal Rules of Criminal Procedure, advising the District Court of the assistance to law enforcement authorities. The defendant has no right to compel, require or expect that the government will file such a motion, however, and the decision to reduce the sentence of the defendant below the applicable guideline range or any mandatory minimum sentence is solely in the discretion of the District Court.

5. The defendant understands that the Probation Department will conduct a pre-sentence investigation and will recommend to the Court a Sentencing Guideline range. The defendant understands that the Probation Department's recommendations are not binding on the Court and the terms of this Plea Agreement are not binding upon the Court or Probation Department. The

defendant understands that if the Court does not follow the recommendations contained in this Plea Agreement, he does not have the right to withdraw his plea of guilty. If this Plea Agreement or the defendant's conviction upon his guilty plea is voided for any reason, the defendant waives any statute of limitations with respect to the United States prosecuting him for any offense arising from his conduct in this case.

6. The defendant understands that there is no agreement concerning his ultimate sentence. The defendant could receive the maximum penalty provided by law.

7. There is no agreement concerning the defendant's civil tax liability and the defendant understands that the Internal Revenue Service will assess any additional tax due and owing along with any fines, interest and penalties independently from this plea agreement.

8. The defendant agrees that as a condition of this Plea Agreement, and as a condition of any term of probation or supervised released imposed, he will give complete cooperation to federal, state, and local tax authorities in the determination of his taxable income and determination and payment of any applicable tax, interest, and penalties, including any fraud penalty. The defendant agrees as part of his complete cooperation to file accurate tax returns for himself, amending returns if necessary, within 120 days of entering his guilty plea. The defendant agrees, if requested by the government, to submit a joint application with the government to the Court for

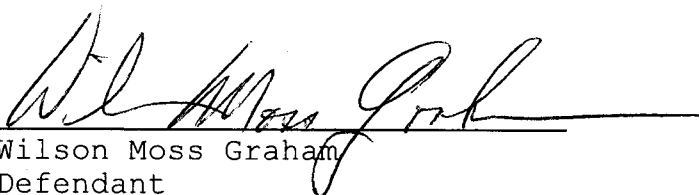
an order authorizing the government to disclose under Rule 6(e), Fed.R.Crim.P., to federal, state, and local tax authorities and to parties in any civil litigation against the defendant, any documents that are arguably matters occurring before the grand jury which are pertinent to the defendant's liability and obligation to pay any tax, interest, and penalties or to pay any damages and other amounts in the civil litigation.

9. The defendant agrees to pay the \$100.00 special assessment to the Clerk of the United States District Court no later than the date set by the Court for the final pre-sentence report and provide proof of payment to the U.S. Attorney's Office on the date of payment.

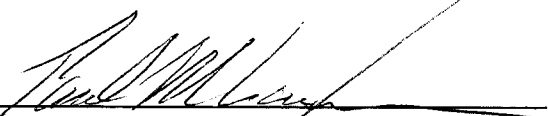
10. The defendant is aware that Title 18, United States Code, Section 3742, affords the defendant the right to appeal the sentence imposed in this case. Acknowledging this, in exchange for the undertakings made by the United States in this plea agreement, the defendant hereby waives all rights to appeal the sentence imposed, unless the sentence imposed includes a term of custody that exceeds the maximum provided by statute. The government reserves its right to appeal the sentence imposed as set forth in 18 U.S.C. 3742(b). If the government exercises its right to appeal the sentence imposed, then the defendant is released from his appellate waiver and may appeal the sentence as authorized by 18 U.S.C. 3742(a).

11. This is the entire Plea Agreement. There are no other provisions or understandings.

DATE: 3-24-2008

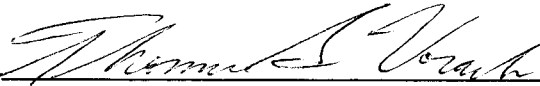

Wilson Moss Graham
Defendant

DATE: March 24, 2008


Paul Laufman
Attorney for Defendant

GREGORY G. LOCKHART
United States Attorney

DATE: March 26, 2008


Thomas G. Voracek
Trial Attorney
U.S. Department of Justice
Tax Division

ATTACHMENT: STATEMENT OF FACTS - WILSON MOSS GRAHAM

The United States and defendant WILSON MOSS GRAHAM stipulate and agree that, had this case proceeded to trial, the United States would have proven the following facts beyond a reasonable doubt. The United States and the Defendant also stipulate and agree that the following facts do not encompass all of the evidence that would have been presented had this case proceeded to trial.

The Aegis System

The Aegis Company ("Aegis"), which was based in Palos Hills, Illinois, marketed and sold illegal tax shelters through a network of promoters, accountants, and others. The Aegis system consisted of a network of promoters, salesmen, managers, lawyers, and return preparers who worked for Aegis to sell and implement trust products as a means to fraudulently reduce the taxes of their clients. Specifically, the system designed by Aegis and promoted and implemented by WILSON MOSS GRAHAM and his co-conspirators consisted of assisting clients in the establishment of a series of domestic, charitable, and/or foreign trusts. Under the Aegis system, a client/taxpayer would appear to transfer income (as so-called "consulting or management fees,") and assets to a series of trusts designed to look like independent entities. In addition, bank accounts were opened in the names of these trust entities. Despite the appearance that these trust entities were independent, in each of the Aegis systems promoted by WILSON MOSS GRAHAM and his co-conspirators, the clients always retained effective use, management, and control of the funds purportedly placed in the various trusts and bank accounts established through the Aegis system. Because of their continued control of the funds, the clients/taxpayers should have, but did not, pay taxes on income transferred to the trusts or on income generated from assets transferred to the trusts. As such, the Aegis trust systems were sham trusts created and maintained to evade federal income taxes.

WILSON MOSS GRAHAM's Participation in the Conspiracy

Beginning at least on or about July 1996 and continuing until at least on or about May 16, 2002, WILSON MOSS GRAHAM conspired with other individuals to commit offenses against the United States, namely to wilfully assist and aid in the preparation of materially false federal income tax returns. Furthermore, on or about January 21, 1998, WILSON MOSS GRAHAM signed an independent contractor's agreement with Aegis to promote, market, and sell the Aegis trust product.

WILSON MOSS GRAHAM operated his trust management and tax preparation business through his firm, Graham & Associates, in Loveland, Ohio. In operating his business, and in his role with Aegis, WILSON MOSS GRAHAM worked jointly with Homer L. Richardson and others to promote Aegis trust products and to further the Aegis scheme in a number of ways:

- (1) WILSON MOSS GRAHAM actively marketed, promoted, and sold the Aegis system to prospective individual clients. He met with prospective clients. He explained to clients how the system worked, the use of trusts, and income tax return preparation. WILSON MOSS GRAHAM also communicated with clients concerning the validity of the trust system and how to deal with IRS problems.
- (2) WILSON MOSS GRAHAM and his co-conspirators attended and/or sponsored Aegis seminars and "tax workshops," as well as individual client meetings, in order to promote the Aegis system to prospective clients.
- (3) Pursuant to the Aegis system, WILSON MOSS GRAHAM and his co-conspirators assisted clients in transferring their businesses, home, and other assets into the trusts established under the Aegis system.
- (4) After clients had established an Aegis trust system, WILSON MOSS GRAHAM provided additional services to the clients, including trust management services and bookkeeping services. In this role, WILSON MOSS GRAHAM and his co-conspirators assisted clients in transferring funds from their legitimate business entities to their trusts as "consulting or management fees," despite the fact that no actual consulting or management services were ever performed, resulting in a false business expense deduction on the clients' personal or business tax returns. WILSON MOSS GRAHAM and his co-conspirators then counseled clients to make transfers from their Asset Management Trust to other domestic or foreign trust entities in furtherance of the scheme to evade the payment of federal income taxes on the clients' income.
- (5) Pursuant to the Aegis system, WILSON MOSS GRAHAM and his co-conspirators assisted in the preparation of false federal individual income and trust tax returns for their clients. The individual income tax returns

fraudulently failed to report all of the client's taxable income and taxes due and owing to the United States. Trust tax returns were prepared and filed with the IRS in an attempt to fraudulently conceal the individual taxpayer client's actual control and use of the income. As a result of the preparation and filing of false individual income and trust tax returns, the client failed to report and pay the true amount of his or her federal income tax liabilities. Specifically, WILSON MOSS GRAHAM prepared at least one client's asset management trust return, knowing that the return was materially false.

- (6) As well as serving as a promoter of the system, WILSON MOSS GRAHAM and other co-conspirators served on the Aegis Advisory Board. The Board members corresponded with each other regarding furthering the Aegis scheme and on ways to deal with IRS problems which included the establishment of a legal fund. WILSON MOSS GRAHAM and his co-conspirators instructed their clients to withhold information from IRS revenue agents and to respond to IRS inquiries or summonses for financial records with obstructive letters and questionnaires.
- (7) In furtherance of Aegis' attempts to stop or avoid IRS audits, WILSON MOSS GRAHAM participated with other co-conspirators in the implementation of an Aegis Audit strategy in 2000. More specifically, WILSON MOSS GRAHAM and his co-conspirators further counseled and assisted their clients to impede and obstruct Internal Revenue Service audits and Internal Revenue Service inquiries into the Aegis trust systems through the use of a series of unresponsive letters and questionnaires, known as the "Aegis Audit Arsenal," to the Internal Revenue Service.

In addition, WILSON MOSS GRAHAM deliberately ignored that there existed a high probability that the Aegis system was illegal. WILSON MOSS GRAHAM was aware of this high probability. He was aware of IRS Notice 97-24, which carefully detailed the government's position that trust systems such as the one created and promoted by Aegis were considered abusive and illegal. WILSON MOSS GRAHAM and his co-conspirators took affirmative steps to respond to these materials in an attempt to maintain their clients.

The acts described above were done willfully and knowingly and with the specific intent to violate the law, and not by accident, mistake, inadvertence, or other innocent reason.

This Statement of Facts does not contain each and every fact known to the defendant and to the United States concerning the defendant's and others' involvement in the charges set forth in the plea agreement, and is set forth for the limited purpose of establishing a factual basis for the defendant's guilty plea.

I have read this statement of facts, and carefully reviewed it with my attorney. I acknowledge that it is true and correct.

3-24-2008
Date

Wilson Moss Graham
Wilson Moss Graham

I am Mr. Graham's attorney. I have carefully reviewed the statement of facts with him.

March 24, 2008
Date

Paul Laufman
Paul Laufman, Esquire